

105TH CONGRESS
1ST SESSION

H. R. 1774

To amend the Internal Revenue Code of 1986 to provide for a deduction
for qualified higher education expenses.

IN THE HOUSE OF REPRESENTATIVES

JUNE 3, 1997

Mr. WEYGAND introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide
for a deduction for qualified higher education expenses.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Families Educational
5 Opportunity Act of 1997”.

6 **SEC. 2. DEDUCTION FOR QUALIFIED HIGHER EDUCATION**
7 **EXPENSES.**

8 (a) IN GENERAL.—Part VII of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to
10 additional itemized deductions for individuals) is amended

1 by redesignating section 221 as section 222 and by insert-
 2 ing after section 220 the following new section:

3 **“SEC. 221. QUALIFIED HIGHER EDUCATION EXPENSES.**

4 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
 5 individual, there shall be allowed as a deduction the
 6 amount of qualified higher education expenses paid by the
 7 taxpayer during the taxable year.

8 “(b) LIMITATIONS.—

9 “(1) DOLLAR LIMITATION.—The amount al-
 10 lowed as a deduction under subsection (a) for any
 11 taxable year shall not exceed \$10,000.

12 “(2) LIMITATION BASED ON MODIFIED AD-
 13 JUSTED GROSS INCOME.—

14 “(A) IN GENERAL.—The amount allowed
 15 as a deduction under subsection (a) (after ap-
 16 plication of paragraph (1)) shall be reduced
 17 (but not below zero) by \$2,000 for each \$5,000
 18 (or part thereof) by which the taxpayer’s modi-
 19 fied adjusted gross income for such taxable year
 20 exceeds \$40,000 (\$60,000 in the case of a joint
 21 return).

22 “(B) MODIFIED ADJUSTED GROSS IN-
 23 COME.—For purposes of this paragraph, the
 24 term ‘modified adjusted gross income’ means

1 the adjusted gross income of the taxpayer for
2 the taxable year determined—

3 “(i) without regard to this section and
4 sections 911, 931, and 933, and

5 “(ii) after the application of sections
6 86, 135, 219 and 469.

7 For purposes of sections 86, 135, 219, and
8 469, adjusted gross income shall be determined
9 without regard to the deduction allowed under
10 this section.

11 “(C) INFLATION ADJUSTMENTS.—

12 “(i) IN GENERAL.—In the case of a
13 taxable year beginning after 1998, the
14 \$40,000 and \$60,000 amounts described in
15 subparagraph (A) shall each be increased
16 by an amount equal to—

17 “(I) such dollar amount, multi-
18 plied by

19 “(II) the cost-of-living adjust-
20 ment determined under section 1(f)(3)
21 for the calendar year in which the tax-
22 able year begins, determined by sub-
23 stituting ‘calendar year 1997’ for ‘cal-
24 endar year 1992’ in subparagraph (B)
25 thereof.

1 “(ii) ROUNDING.—If any amount as
2 adjusted under clause (i) is not a multiple
3 of \$1,000, such amount shall be rounded
4 to the next lowest multiple of \$1,000.

5 “(c) QUALIFIED HIGHER EDUCATION EXPENSES.—
6 For purposes of this section—

7 “(1) IN GENERAL.—The term ‘qualified higher
8 education expenses’ means tuition and fees charged
9 by an educational institution and required for the
10 enrollment or attendance of—

11 “(A) the taxpayer,

12 “(B) the taxpayer’s spouse, or

13 “(C) any child of the taxpayer (within the
14 meaning of section 151(c)(3)), or any individual
15 for whom the taxpayer is the legal guardian,
16 as an eligible student at an eligible educational insti-
17 tution (as defined in section 135(c)(3)) on a full-
18 time basis.

19 “(2) EXCEPTION FOR EDUCATION INVOLVING
20 SPORTS, ETC.—Such term does not include expenses
21 with respect to any course or other education involv-
22 ing sports, games, or hobbies, unless such expenses
23 are part of a degree program.

24 “(d) SPECIAL RULES.—

25 “(1) NO DOUBLE BENEFIT.—

1 “(A) IN GENERAL.—No deduction shall be
2 allowed under subsection (a) for qualified high-
3 er education expenses with respect to which a
4 deduction is allowable to the taxpayer under
5 any other provision of this chapter unless the
6 taxpayer irrevocably waives his right to the de-
7 duction of such expenses under such other pro-
8 vision.

9 “(B) DEPENDENTS.—No deduction shall
10 be allowed under subsection (a) to any individ-
11 ual with respect to whom a deduction under
12 section 151 is allowable to another taxpayer for
13 a taxable year beginning in the calendar year in
14 which such individual’s taxable year begins.

15 “(C) SAVINGS BOND EXCLUSION.—A de-
16 duction shall be allowed under subsection (a)
17 for qualified higher education expenses only to
18 the extent the amount of such expenses exceeds
19 the amount excludable under section 135 for
20 the taxable year.

21 “(2) LIMITATION ON TAXABLE YEAR OF DE-
22 DUCTION.—A deduction shall be allowed under sub-
23 section (a) for any taxable year only to the extent
24 the qualified higher education expenses are in con-
25 nection with—

1 “(A) attendance during the taxable year,

2 or

3 “(B) an academic term beginning during

4 such taxable year or during the 1st 3 months

5 of the next taxable year.”

6 (b) DEDUCTION ALLOWED WITHOUT ITEMIZA-

7 TION.—Section 62(a) is amended by inserting after para-

8 graph (16) the following new paragraph:

9 “(17) QUALIFIED HIGHER EDUCATION EX-

10 PENSES.—The deduction allowed by section 221.”

11 (c) CLERICAL AMENDMENT.—The table of sections

12 for part VII of subchapter B of chapter 1 of such Code

13 is amended by striking the item relating to section 221

14 and inserting:

“Sec. 221. Higher education expenses.

“Sec. 222. Cross reference.”

15 (d) EFFECTIVE DATE.—The amendments made by

16 this section shall apply to payments made after December

17 31, 1997.

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